

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 96 – SB 435

February 17, 2019

SUMMARY OF BILL: Creates new specialty earmarked license plate for the AMVETS Department of Tennessee Service Foundation, Inc.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$15,850/Specialty Plate Organization/FY19-20

\$12,700/Tennessee Arts Commission/FY19-20

\$3,150/Highway Fund/FY19-20

\$17,500/Specialty Plate Organization/FY20-21 and Subsequent Years

\$14,000/Tennessee Arts Commission/FY20-21 and Subsequent Years

\$3,500/Highway Fund/FY20-21 and Subsequent Years

Other Fiscal Impacts – The Department of Revenue will retain approximately \$3,300 from the sale of every 1,000 license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$500 in net revenue in FY19-20.

Assumptions:

- Pursuant to Tenn. Code Ann. § 55-4-202(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- The annual fee for a new specialty license plate is \$35.00.
- The recurring increase in state revenue is estimated to be \$35,000 (1,000 plates x \$35.00 fee).
- Pursuant to Tenn. Code Ann. 55-4-215, all net revenue will be allocated as follows: 50 percent to the non-profit organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund.
- The Department of Revenue will retain \$3.30 per license plate for a total of \$3,300 per 1,000 plates (1,000 plates x \$3.30), which will be paid to TRICOR in FY19-20 for the cost of production, warehousing, and distribution of the plates.

- The increase in state revenue in FY19-20 is estimated to be \$31,700 (\$35,000 - \$3,300), allocated as follows: \$15,850 (\$31,700 x 50%) to the AMVETS Department of Tennessee Service Foundation; \$12,680 (\$31,700 x 40%) to the Tennessee Arts Commission; and \$3,170 (\$31,700 x 10%) to the Highway Fund.
- The recurring increase in state revenue in FY20-21 and subsequent years is estimated to be allocated as follows: \$17,500 (\$35,000 x 50%) to the AMVETS Department of Tennessee Service Foundation; \$14,000 (\$35,000 x 40%) to the Tennessee Arts Commission; and \$3,500 (\$35,000 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$2.80 per license plate, resulting in \$0.50 net revenue per plate for a one-time increase in net revenue to TRICOR of \$500 (1,000 plates x \$0.50).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/ntp